

## NEW APPLICATION

## BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

LEA MÁRQUEZ PETERSON -  
Chairwoman  
SANDRA D. KENNEDY  
JUSTIN OLSON  
ANNA TOVAR  
JIM O'CONNOR

In the matter of:

Jeffrey Allen Skidmore and Jennifer  
Skidmore, husband and wife,

Money Never Sleeps, LLC, an Arizona  
limited liability company, dba Union  
Retirement Solutions and Union Estate  
Planning,

Respondents.

DOCKET NO. S-21170A-21-0390

**NOTICE OF OPPORTUNITY FOR HEARING  
REGARDING PROPOSED ORDER TO CEASE  
AND DESIST, ORDER FOR RESTITUTION,  
ORDER FOR ADMINISTRATIVE  
PENALTIES, AND ORDER FOR OTHER  
AFFIRMATIVE ACTION**

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents Jeffrey Allen Skidmore and Money Never Sleeps, LLC have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

The Division also alleges that Jeffrey Allen Skidmore and Jennifer Skidmore are persons controlling Money Never Sleeps, LLC within the meaning of A.R.S. § 44-1999(B), so that they are jointly and severally liable under A.R.S. § 44-1999(B) to the same extent as Money Never Sleeps, LLC for its violations of the antifraud provisions of the Securities Act.

**I.****JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

**II.**

**RESPONDENTS**

2. Respondent Jeffrey Allen Skidmore (“Skidmore”) has been an Arizona resident since at least August 2011 through the present. Skidmore has been a licensed Arizona insurance producer (License #2727072) since September 30, 2004. Skidmore has never been registered by the Commission as a securities salesman or dealer.

3. Respondent Jennifer Skidmore has been the spouse of Jeffrey Allen Skidmore from at least 2001 through the present. On May 10, 2021, Jennifer Skidmore filed a petition seeking a decree of dissolution of their marriage, and those dissolution proceedings remain pending as of the date of this Notice of Opportunity for Hearing.

4. At all relevant times, Jeffrey Allen Skidmore and Jennifer Skidmore were acting for their own benefit and on behalf of and for the benefit of their marital community.

5. Respondent Money Never Sleeps, LLC (“Money Never Sleeps”) is an Arizona limited liability company organized on September 10, 2010. Money Never Sleeps is manager-managed, and since at least April 25, 2013, Jennifer Skidmore has been its sole manager. Since June 20, 2014, Jeffrey Allen Skidmore and Jennifer Skidmore have been the two members of Money Never Sleeps, with each owning at least a twenty percent (20%) interest. Since April 2013, Money Never Sleeps’ principal place of business has been in Peoria, Arizona.

6. Money Never Sleeps has never been registered by the Commission as a securities salesman or dealer.

7. Money Never Sleeps also does business as “Union Retirement Solutions” and “Union Estate Planning.”

8. The website for Union Retirement Solutions lists Jeffrey Allen Skidmore as the firm’s Founder and Chief Executive Officer and Jennifer Skidmore as its Chief Operating Officer.

9. Jeffrey Allen Skidmore, Jennifer Skidmore and Money Never Sleeps may be referred to collectively as “Respondents”.

**III.****OVERVIEW**

10. This case involves Skidmore's and Money Never Sleeps' sales of so-called income stream investments offered by non-parties Future Income Payments, LLC, a Delaware entity, and FIP, LLC, a Nevada entity (collectively, "FIP"). In these investments, FIP solicited military veterans and other retirees entitled to monthly pension payments, to accept a discounted up-front lump sum in exchange for several years' worth of their pension payments. FIP then sold these income streams as investments through salesmen and insurance agents such as Skidmore.

11. Between March 2014 and December 2017, Skidmore and Money Never Sleeps promoted the income streams as investments that would provide "consistent and predictable" monthly income to fund investors' retirements. The income stream investments were supposed to provide investors with "income payments comprised of fixed, pre-determined payments ... made monthly...." FIP's brochures that Skidmore and Money Never Sleeps used with investors represented, "The interest rate and payment amount are set and will not increase or decrease in response to market changes."

12. Starting in May 2014, regulators in several states found: (i) the transactions between the pensioners and FIP constituted loans, and (ii) FIP was engaging in unlawful lending activity because it was not licensed to make loans, and the interest rates FIP charged were usurious.

13. These income stream investments involve the sales of notes and also constitute investment contracts and evidences of indebtedness. These income stream investments are securities under the Securities Act.

14. The eighteen (18) victim-investors in this case are mainly retired union workers with limited educations and no prior investment experience. They labored as welders, mechanics, and heavy equipment operators.

15. To fund their retirements, the victim-investors invested their life savings through Skidmore and Money Never Sleeps, who market themselves and do business as "Union Retirement

1 Solutions” and “Union Estate Planning.” The victim-investors trusted Skidmore and Money Never  
2 Sleeps to provide safe investments.

3 16. Instead, Skidmore and Money Never Sleeps sold FIP’s investments, which were  
4 unregistered securities. Skidmore and Money Never Sleeps were not licensed to sell them.

5 17. Skidmore and Money Never Sleeps failed to disclose to the victim-investors that the  
6 sole owner and President of FIP, Scott Kohn (“Kohn”), is a convicted felon who, before he started  
7 FIP, pled guilty to multiple federal crimes and served prison time.

8 18. Skidmore and Money Never Sleeps also failed to disclose multiple cease and desist  
9 orders and consent orders regulators in at least seven states entered against FIP for engaging in  
10 unlicensed and predatory lending against the veterans and other retirees who sold their pensions. For  
11 instance, in a 2016 consent order with New York’s Department of Financial Services, FIP admitted  
12 some of the pensioners paid it simple interest of more than 130% per annum.

13 19. In light of the extremely high interest rates FIP charged the pensioners, FIP faced  
14 numerous investigations, enforcement actions and lawsuits across the United States by consumer  
15 protection and regulatory agencies throughout the 2014 to 2017 timeframe when Skidmore and  
16 Money Never Sleeps were selling FIP’s investments.

17 20. By April 2018, FIP could not sustain the scheme, and it collapsed. The victim-  
18 investors ceased receiving income or any other returns from their FIP investments.

19 21. On March 12, 2019, a federal grand jury in South Carolina indicted Kohn and FIP for  
20 conspiracy to commit mail fraud and wire fraud. *See United States v. Kohn et al.*, CR. No. 6:19-239  
21 (D.S.C.).

22 22. Kohn is awaiting his criminal trial. The Second Superseding Indictment alleges:

23  
24 As state regulators began prohibiting FIP from operating in various  
25 states and pensioners struggled under a usurious payment regime  
26 imposed on them, FIP diverted new investor funds flowing into the  
business to fund payments to earlier investors to keep the scheme and  
artifice operational. In this manner, the investment program operated  
by FIP was a “Ponzi scheme.”

23. The eighteen victim-investors in this case, whose life savings Skidmore and Money Never Sleeps steered into an illegal lending scheme run by a convicted felon, have not received any repayments since April 2018. They are owed restitution of at least \$624,135.53.

#### IV.

#### FACTS

24. Non-party Scott Kohn was the 100% owner and President, Secretary and Treasurer of FIP.

25. Kohn is a convicted felon. In 2006, Kohn pled guilty to federal felony offenses for trafficking in counterfeit goods, conspiracy and aiding and abetting trafficking in counterfeit goods. Specifically, Kohn pled guilty to directing employees of a company he owned to replace branded computer memory modules with counterfeit memory chips and then falsely sell them as if they were genuinely branded computer memory modules. He also hired other companies to encode generic computer hard drives with software to make them falsely appear to be branded hard drives, and then directed employees of his company to falsely package and sell them as if they were genuinely branded hard drives. Kohn was sentenced to 15 months in federal prison.

26. In 2011, Kohn organized a Delaware limited liability company named Pensions, Annuities and Settlements, LLC.

27. In 2014, the State of Washington's Department of Financial Institutions issued a cease and desist order against Pensions, Annuities and Settlements, LLC for conducting business as an unlicensed consumer loan company in that state.

28. Also in 2014, Kohn changed the name of Pensions, Annuities and Settlements, LLC to Future Income Payments, LLC.

29. Kohn operated Pensions, Annuities and Settlements, LLC and Future Income Payments, LLC from addresses in Newport Beach, Irvine and Corona del Mar, California.



1           30.     In 2015, Future Income Payments, LLC and Kohn entered consent orders with Colorado  
2 and California in which they agreed to cease, desist and refrain from acting as unlicensed lenders in  
3 those states.

4           31.     Following the Washington cease and desist order and the Colorado and California  
5 consent orders against Future Income Payments, LLC, in 2016 Kohn organized a Nevada limited  
6 liability company named FIP, LLC, which operated from an address in Henderson, Nevada. As stated  
7 above, this Notice refers to Future Income Payments, LLC (Delaware) and FIP, LLC (Nevada)  
8 collectively as “FIP.”

9           32.     FIP’s business model was to solicit and enter into contracts with pensioners in which  
10 the pensioners received a discounted up-front lump sum payment of money in exchange for some or  
11 all of the pensioners’ monthly pension or military disability payments (“the income stream”) for a  
12 specified period of time, which was typically five or ten years.

13           33.     FIP advertised its product as a way for pensioners to obtain cash quickly to meet their  
14 immediate needs. FIP’s websites stated that it accepted most types of pension payments, including  
15 pensions from private companies, state or federal government pensions, fire and police department  
16 pensions, teachers’ pensions and military pensions.

17           34.     Under the terms of FIP’s contracts, the pensioner had to repay significantly more  
18 money over the term of the contract than the lump sum payment he or she received at the outset. This  
19 difference, referred to in the contracts as the “discount,” was, in fact, the interest that the pensioner  
20 paid over the course of the contract for the use of the lump-sum amount. In a consent order with  
21 New York’s Department of Financial Services, FIP admitted: (i) its transactions with pensioners,  
22 which FIP characterized as a “pension advance” and a “sale”, were in substance loans; and (ii) the  
23 vast majority of the 282 New York pensioners FIP made loans to paid simple interest in excess of  
24 16% per annum, and some paid more than 130% per annum.

25           35.     Through a network of sales agents, including insurance producers like Skidmore, FIP  
26 also entered into contracts with investors, who provided money for FIP’s lump sum payments in

1 exchange for the right to receive a portion of the pensioners' monthly income stream payments. FIP  
2 represented to investors that they would receive returns of between 6.0% and 8.0%.

3 36. On February 13, 2014, Skidmore entered into an agreement with FIP pursuant to  
4 which (i) Skidmore agreed to recommend to clients that they purchase income streams and (ii) FIP  
5 agreed to pay Skidmore a fee for each income stream his clients purchased.

6 37. Both before and throughout the time when Skidmore and Money Never Sleeps sold  
7 FIP's investments, securities regulators, other government agencies and the U.S. Senate issued public  
8 warnings about the sale and purchase of pension income streams.

9 38. In May 2013, the U.S. Securities and Exchange Commission ("SEC") and FINRA issued  
10 an Investor Bulletin containing several warnings regarding income stream investments. *See Pension or*  
11 *Settlement Income Streams: What You Need to Know Before Buying or Selling Them*, SEC Pub. No. 143  
12 (5/13), available at [https://www.sec.gov/files/ib\\_income\\_streams.pdf](https://www.sec.gov/files/ib_income_streams.pdf). The SEC and FINRA warned:

- 13 • "The advertised returns may sound enticing, but investors should be aware that these  
14 investments can be risky and complex."
- 15 • "These products can be expensive."
- 16 • **"Is the transaction legal?** Federal law may restrict or prohibit retirees from  
17 'assigning' their pension to someone else."
- 18 • "The assignability of pension benefits is addressed in the United States Code,  
19 including provisions governing military benefits within 38 USC § 5301, civil service  
20 benefits within 5 USC § 8346(a) and private pension benefits within 29 USC §  
21 1056(d)."
- 22 • "Pension and structured settlement income-stream products may or may not be  
23 securities and likely are not registered with the SEC. As such, reliable information  
24 about these products may be difficult to find and resolving disputes should an  
25 investment go sour may also be difficult."
- 26 • "What is the reputation of the company selling the product to me?"

- “Your ‘rights’ to the income stream you purchased could face legal challenges. It may not be legal to purchase someone’s pension.”

39. In June 2014, the U.S. Government Accountability Office (“GAO”) issued a report entitled “Pension Advance Transactions: Questionable Business Practices Identified.” *See* GAO 14-420 (“the GAO Report”). The GAO Report concluded:

[P]ension advance companies market their products as a quick and easy financial option that retirees may turn to when in financial distress from unexpected costly emergencies or when in need of immediate cash for other purposes. However, pension advances may come at a price that may not be well understood by retirees.... [T]he lack of transparency and disclosure about the terms and conditions of these transactions, and the questionable practices of some pension advance companies, could limit consumer knowledge in making informed decisions [and] put retirement funds at risk....

40. The GAO Report recommended that “Given the risks associated with pension advance products [and] the questionable practices that we identified,” the Consumer Financial Protection Bureau and the Federal Trade Commission should review whether the companies selling these products were violating consumer protection laws and engaging in unfair and deceptive practices in order to exploit and harm consumers.

41. On September 30, 2015, the U.S. Senate’s Special Committee on Aging held a hearing titled “Pension Advances: Legitimate Loans or Shady Schemes?” concerning the source of the income streams FIP and other companies were peddling as investments. *See* <https://www.c-span.org/video/?401870-1/-pension-advances-legitimate-loans-shady-schemes>.

42. Skidmore and Money Never Sleeps represented to victim-investors that the FIP investment was safe and would provide guaranteed income for their retirement.

43. Skidmore and Money Never Sleeps never discussed with the victim-investors to whom they sold FIP’s income stream investments the warnings expressed in the Investor Bulletin issued by the SEC and FINRA, the GAO Report, or the “Pension Advances: Legitimate Loans or Shady Schemes?” hearing by the U.S. Senate.



1       44.     Instead, Skidmore and Money Never Sleeps gave the victim-investors FIP's marketing  
2 brochures. The brochures stated: "A structured cash flow represents a fixed income stream such as a  
3 qualified annuity payment, retirement benefit or pension income sold at a discount in exchange for a  
4 lump sum payment. These future income streams can provide for higher rates of return than [are]  
5 available through traditional fixed or income products."

6       45.     The brochures continued: "Structured cash flows are purchased at a discounted value  
7 from the seller.... As with any instrument, any time a supply and demand market is created, there  
8 can be good opportunities for both a buyer and seller."

9       46.     The brochures, which were titled "Structured Cash Flows – A Better Retirement  
10 Today," promoted the income streams as investments that would provide "consistent and predictable"  
11 monthly income to fund investors' retirements.

12       47.     The 2015 version of the brochure Skidmore and Money Never Sleeps used with  
13 investors touted the purported business experience and acumen of Kohn and FIP from which the  
14 investors would profit, stating: "FIP[s] management has previous experience in underwriting,  
15 contracting agreements and debt collection all of which have resulted in a unique advantage within  
16 the discounted cash flow market." Next to that representation appeared this image:



21       48.     These representations about FIP's management were incomplete and misleading because  
22 they omitted the criminal history of FIP's owner and President, Scott Kohn.

23       49.     Skidmore and Money Never Sleeps did not disclose to the victim-investors that before  
24 Kohn started FIP, he pled guilty to federal felonies for trafficking in counterfeit goods, conspiracy  
25 and aiding and abetting trafficking in counterfeit goods, and he served prison time.  
26

1           50. The 2017 version of the brochure also represented FIP's expertise from which  
2 investors would profit, stating:

- 3           • FIP, LLC specializes in analyzing, acquiring and managing pension cash  
4 flow assets and is the industry leader and innovator in buying and selling  
5 secondary market pension cash flows.
- 6           • FIP specializes in evaluating the credit worthiness of each offering to  
7 determine value and risk.
- 8           • FIP has been sourcing pension cash flows since 2010 and offers a model  
9 that has perfect payment history.

10          51. The brochures Skidmore and Money Never Sleeps used with investors represented  
11 that FIP had placed thousands of transactions representing hundreds of millions of dollars invested.

12          52. The brochures stated that one of the primary risks of income stream investments is  
13 "contractual risk: that a pension seller will breach their contract and not honor the obligation to pass  
14 through pension income to the buyer [investor]."

15          53. The brochures next stated, however, that FIP provided a "unique model of risk  
16 mitigation," which included underwriting requirements to determine that a pensioner's ability "to  
17 maintain their financial commitment after receiving and spending a lump sum payment," and  
18 "diversification" by often including several pensioners' cash flows in a single investment for an  
19 investor.

20          54. The brochures assured potential investors, "Each pensioner must complete a thorough  
21 financial underwriting process to be approved to sell a portion of their pension income for a set period  
22 of time (5 or 10 years)."

23          55. The brochures represented that to further "safeguard" investors, "FIP has established  
24 a shortfall account and a reserve account to protect against contractual risks related to a pension  
25 seller."

26          56. The brochures represented that despite the risk that a pensioner might breach the  
contract by not passing through the pension income to the investor, "Since inception all [investors]

have received 100% of contractually owed payments” and FIP “offers a model that has a perfect payment history.”

57. The brochures represented that investors would receive the advertised “consistent and predictable” monthly income and 6% to 8% profits based on the expertise of FIP’s management and their “unique model of risk mitigation.”

58. Skidmore and Money Never Sleeps made, participated in or induced the sale of FIP’s investments within or from Arizona to 18 investors totaling \$2,882,525.31, and received commissions of \$51,986.23, as follows:

Date	Investor	Investment Amount	Interest Rate	Commission
3/25/2014	T.J.	\$100,000.00	6.314%	\$5,000.00
2/18/2015	D.M	\$50,000.00	6.5%	\$2,495.50
2/17/2015	J.P.	\$80,000.00	6.5%	\$3,995.50
6/6/2015	T.B.	\$124,935.00	6.5%	\$6,246.75
3/17/2016	A.S.E.	\$50,000.00	6.5%	\$2,500.00
5/27/2016	D.H.	\$99,935.00	6.5%	\$4,996.75
6/9/2016	J.W.	\$149,935.00	6.5%	\$7,496.75
8/27/2016	E.F.	\$49,935.00	6.5%	\$2,496.75
12/22/2016	S.B.	\$20,000.00	6.0%	\$800.00
1/13/2017	P.V.Z.	\$29,935.00	6.0%	\$1,346.94
1/18/2017	T.R.	\$43,048.17	6.0%	\$2,152.41
1/24/2017	L.F.	\$30,000.00	6.0%	\$1,500.00
3/6/2017	M.J.	\$51,935.00	7.5%	\$2,596.75
6/15/2017	M.E.	\$51,938.90	6.0%	Unknown
6/19/2017	D.D.S.I.	\$1,250,000.00	Unknown	\$3,125.00
6/19/2017	D.S.	\$250,000.00	Unknown	\$625.00
6/19/2017	D.S.	\$208,000.00	Unknown	\$520.00
9/7/2017	K.E.	\$92,928.24	6.0%	\$3,717.13
12/18/2017	B.C.P.	\$150,000.00	Unknown	\$375.00
	<b>TOTAL</b>	\$2,882,525.31		\$51,986.23

59. To complete a sale when an investor agreed to invest, FIP used a form Purchase Agreement that Skidmore or Money Never Sleeps presented to the investor.

1           60. Under the Purchase Agreement, FIP agreed to purchase from a pensioner “the right to  
2 receive over time one or more income payments comprised of fixed, pre-determined payments at a  
3 specific discount rate made monthly ... (the ‘Purchased Asset’)...”

4           61. The Purchase Agreement provided that upon the closing of the sale, “FIP will sell,  
5 transfer and convey all right, title and interest in and to the Purchased Asset to [the investor] in return  
6 for the Purchase Price.” The “Purchase Price” was the investor’s investment amount.

7           62. The Purchase Agreement further provided that FIP would direct the pensioner “to  
8 forward all payments comprising the Purchased Asset to an account established by FIP (the ‘Payment  
9 Account’),” and FIP would then send the monthly payment amount the investor purchased to the  
10 investor.

11           63. The Purchase Agreement represented the investment to be a binding and legally  
12 enforceable contractual obligation for the pensioner to pay and the investor to receive future  
13 payments from the pensioner’s pension or disability benefits in exchange for the upfront lump sum  
14 payment to the pensioner.

15           64. The Purchase Agreement elaborated on FIP’s shortfall account and a reserve account  
16 referenced in the brochures Skidmore and Money Never Sleeps used with investors. Section 7.1  
17 provided:

18                   Establishment of Shortfall Account and Reserve Account. In order to  
19 mitigate some of the risks ... FIP has established two accounts for the  
20 benefits of Purchasers: 1) an account containing a limited amount of funds  
21 to cover immediate shortfalls in the event an [*sic*] Seller fails to forward a  
22 payment as promised (the “**Shortfall Account**”); and 2) a reserve account  
23 (the “**Reserve Account**”) into which FIP will deposit a portion of the profits  
24 it derives from its business, the proceeds of which will be available to  
reimburse FIP or, under certain circumstances, the Purchaser, in the event an  
[*sic*] Seller fails to forward the payments comprising the Purchased Asset as  
promised....

25           65. Under the Purchase Agreement, FIP’s interests did not end at the closing but instead  
26 continued for the life of the investments in at least three ways. *First*, FIP received in its Payment

1 Account the monthly pension or disability payment that FIP purchased from the pensioner, and then  
2 FIP sent the investor the monthly payment amount the investor purchased from FIP.

3 66. *Second*, the investor and FIP both depended on the pensioner continuing to make the  
4 monthly payments. Without the pensioner's payments, FIP would not continue to profit from the  
5 difference in the interest rate the pensioner paid FIP (up to 130%) and the much lower interest rate  
6 FIP paid the investor (6% to 8%). If the pensioner continued payments, both the investor and FIP  
7 got paid. If the pensioner stopped payments, neither the investor nor FIP got paid. In this way, there  
8 was a direct correlation between FIP's success (or failure) and the investor's success (or failure).

9 67. *Third*, through the Shortfall Account and the Reserve Account, FIP's financial interest  
10 continued for the life of the investment as the investor's protection against the risk that a pensioner  
11 might cease paying. The investors' success in continuing to receive payments if a pensioner stopped  
12 paying was aligned with FIP's success in managing the Shortfall Account and the Reserve Account,  
13 which the Purchase Agreement stated FIP funded with a portion of its profits.

14 68. The Purchase Agreements Skidmore and Money Never Sleeps presented to investors  
15 starting in June 2015, made what purported to be a risk disclosure by stating:

16  
17 *Characterization of Sale Transactions as Loans.* FIP has undertaken good  
18 faith efforts to structure the purchase of the cash flows comprising the  
19 Purchased Asset from the Seller as a sale, rather than a loan, transaction.  
20 Notwithstanding these efforts, FIP has received requests for information  
21 and/or subpoenas from state regulators seeking documents and information  
22 in order to permit such regulators to make their own determination of  
23 whether these transactions are loans or sales transactions. In the event that  
24 these transactions are determined to be loans, rather than purchases, by the  
25 pertinent regulator and if FIP cannot obtain an appropriate lenders license in  
26 the pertinent jurisdiction, it is possible that state regulators may require FIP  
to cease collecting the cash flows comprising the Purchased Asset with the  
result that purchasers of cash flows in the impacted jurisdictions will not  
receive all payments comprising the Purchased Asset.

69. The purported disclosure that FIP had "received requests for information and/or  
subpoenas from state regulators seeking documents and information in order to permit such  
regulators to make their own determination of whether these transactions are loans or sales" was a



misleading half-truth because FIP already was the subject of numerous enforcement actions and cease and desist orders for violating state lending laws. In fact, throughout the time period when Skidmore and Money Never Sleeps solicited the victim-investors to purchase FIP's investments, FIP entered consent orders with Colorado, California, New York, Washington and Iowa finding that FIP's transactions were unlicensed and illegal loans.

70. The enforcement actions, cease and desist orders and consent orders entered against FIP while Skidmore and Money Never Sleeps sold FIP's investments include the following:

- On May 7, 2014, the State of Washington's Department of Financial Institutions issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist against Pensions, Annuities and Settlements, LLC alleging that it conducted the business of a consumer loan company without a license in violation of Washington law. On May 13, 2015, Washington's Department of Financial Institutions issued an Amended Statement of Charges against FIP and Kohn. On December 2, 2016, Kohn, as FIP's President, entered into a Consent Order in which FIP agreed not to contest the Amended Statement of Charges.
- On January 15, 2015, Kohn, as the owner of FIP, entered into an Assurance of Discontinuance and Final Agency Order with the Administrator of the Colorado Uniform Consumer Credit Code which permanently prohibited FIP from making, offering, collecting or arranging consumer loans in Colorado without a lender's license.
- On March 3, 2015, the California Department of Business Oversight issued a Desist and Refrain Order to FIP and Scott Kohn for engaging in the business of a finance lender or broker without a license in violation of California law. On September 15, 2015, FIP and Kohn stipulated with the California Department of Business Oversight that the Desist and Refrain Order and its findings were final.

- On October 20, 2016, FIP entered a consent order with the New York Department of Financial Services. FIP admitted multiple violations, including “charging pensioners interest rates on loans in excess of New York’s civil usury caps” and “intentionally misrepresenting material facts with respect to a financial product or service.”
- On December 22, 2016, FIP entered an Assurance of Voluntary Compliance with the Iowa Attorney General agreeing not to violate the Iowa Consumer Credit Code, the Iowa Consumer Fraud Act or the Older Iowans Act.
- On February 21, 2017, the Consumer Financial Protection Bureau filed in federal court in California a petition to enforce a civil investigative demand against FIP.
- On May 19, 2017, the Pennsylvania Department of Banking and Securities issued a cease and desist order against FIP and Kohn. The Department alleged that FIP made a loan to a Pennsylvania resident of \$3,700 for which the resident paid interest to FIP of \$15,200. The Department alleged that FIP made a loan to another Pennsylvania resident of \$3,500 for which the resident paid interest to FIP of \$24,700.
- On August 16, 2017, the Minnesota Attorney General filed a lawsuit in state court seeking an injunction against FIP for unlicensed lending and usury. The Minnesota Attorney General alleged that FIP originated and collected on loans to pensioners with an average annual percentage rate of interest (“APR”) of 139% and had charged interest rates as high as 240%.

71. While selling FIP’s investments, Skidmore and Money Never Sleeps never disclosed any of these enforcement actions, cease and desist orders and consent orders against FIP to the victim-investors.

72. In April 2018, the victim-investors ceased receiving income or any other returns from their FIP investments.

73. On April 10, 2018, FIP and Kohn sent a letter to the victim-investors informing them for the first time of the enforcement actions, cease and desist orders and consent orders against FIP

1 listed above as well as pending actions or investigations in Oregon, Nevada, Wisconsin, Illinois,  
2 Michigan, Tennessee, Alabama, Georgia, Virginia, West Virginia, Connecticut, South Carolina and  
3 Maryland. FIP's letter stated that due to these regulatory actions by so many states and the Consumer  
4 Financial Protection Bureau, FIP was unable to continue "to implement its business model." FIP's  
5 letter stated, "If were (*sic*) unable to restructure our business, [investors] will be required to collect  
6 from [the pensioners] themselves." The letter invited investors "to collect their investment  
7 themselves," but also warned in bold font, "**Until FIP finalizes negotiating with each state below,**  
8 **FIP suggests you don't attempt collections.**"

9 74. On March 12, 2019, a federal grand jury in South Carolina indicted Kohn and FIP for  
10 conspiracy to commit mail fraud and wire fraud. *See* Indictment, *United States v. Kohn*, CR. No.  
11 6:19-239 (D.S.C.).

12 75. As stated above, Kohn is awaiting his criminal trial. The Second Superseding  
13 Indictment alleges, "FIP diverted new investor funds flowing into the business to fund payments to  
14 earlier investors to keep the scheme and artifice operational. In this manner, the investment program  
15 operated by FIP was a 'Ponzi scheme.'"

16 V.

17 VIOLATION OF A.R.S. § 44-1841

18 (Offer or Sale of Unregistered Securities)

19 76. From on or about March 19, 2014, through December 18, 2017, Respondents Jeffrey  
20 Allen Skidmore and Money Never Sleeps, LLC made, participated in, or induced the offer and sale of  
21 securities in the form of FIP notes, investment contracts and/or evidences of indebtedness totaling  
22 \$2,882,525.31 to eighteen (18) victim-investors, within or from Arizona.

23 77. FIP's Purchase Agreements were notes and securities within the meaning of A.R.S. §  
24 44-1801(27).

25 78. FIP's Purchase Agreements were investment contracts and securities within the meaning  
26 of A.R.S. § 44-1801(27).

79. FIP's Purchase Agreements were evidences of indebtedness and securities within the meaning of A.R.S. § 44-1801(27).

80. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

81. This conduct violates A.R.S. § 44-1841.

## VI.

## VIOLATION OF A.R.S. § 44-1842

**(Transactions by Unregistered Dealers or Salesmen)**

82. Respondents Jeffrey Allen Skidmore and Money Never Sleeps, LLC made, participated in, or induced the offer and sale of securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

83. This conduct violates A.R.S. § 44-1842.

## VII.

### **VIOLATION OF A.R.S. § 44-1991**

**(Fraud in Connection with the Offer or Sale of Securities)**

84. From on or about March 19, 2014, through December 18, 2017, Respondents Jeffrey Allen Skidmore and Money Never Sleeps, LLC made, participated in, or induced the unlawful sales or purchases of securities in violation of A.R.S. § 44-1991. Specifically, in connection with the offer or sale of securities within or from Arizona, Respondents Skidmore and Money Never Sleeps, LLC directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors.

85. The conduct by Respondents Skidmore and Money Never Sleeps, LLC includes, but is not limited to, the following:

a) Representing to investors the purported business experience and acumen of Kohn and FIP from which investors would profit while failing to disclose Kohn's criminal history and felony convictions for trafficking in counterfeit goods, conspiracy and aiding and abetting trafficking in counterfeit goods;

b) Failing to disclose any of the numerous enforcement actions, cease and desist orders and consent orders entered against FIP between 2014 and 2017 for violating state lending laws; and

c) Representing to victim-investors that the FIP investment was safe and would provide guaranteed income for their retirement, while failing to discuss with them the warnings expressed in the Investor Bulletin issued by the SEC and FINRA, and the GAO Report, including that Federal law may restrict or prohibit retirees from assigning their pension to someone else, it may not be legal to purchase someone's pension, and the investments could be risky, complex and expensive.

86. This conduct violates A.R.S. § 44-1991.

## VIII.

## CONTROL PERSON LIABILITY PURSUANT TO A.R.S. § 44-1999

87. From at least March 25, 2014 through the present, Jeffrey Allen Skidmore has been and/or held himself out as the Founder and Chief Executive Officer of Money Never Sleeps, LLC.

88. From at least March 25, 2014 through the present, Jennifer Skidmore has been and/or held herself out as the Manager and Chief Operating Officer of Money Never Sleeps, LLC.

89. Since June 20, 2014, Jeffrey Allen Skidmore and Jennifer Skidmore have been the two members of Money Never Sleeps, LLC, with each owning at least a twenty percent (20%) interest.

90. From at least March 25, 2014 through the present, Jeffrey Allen Skidmore and Jennifer Skidmore directly or indirectly controlled Money Never Sleeps, LLC within the meaning of A.R.S. § 44-1999. Therefore, Jeffrey Allen Skidmore and Jennifer Skidmore are jointly and severally liable to the same extent as Money Never Sleeps, LLC for its violations of A.R.S. § 44-1991 from at least March 25, 2014 through the present.



**IX.**

**REQUESTED RELIEF**

The Division requests that the Commission grant the following relief:

1. Order Respondents to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;
2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
4. Order that Jeffrey Allen Skidmore and Jennifer Skidmore be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action.
5. Order any other relief that the Commission deems appropriate.

**X.**

**HEARING OPPORTUNITY**

Each Respondent, including Respondent Jennifer Skidmore, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent requests a hearing, the requesting Respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting Respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at <http://www.azcc.gov/hearing>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without

1 a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for  
2 Hearing.

3 Persons with a disability may request a reasonable accommodation such as a sign language  
4 interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck,  
5 ADA Coordinator, voice phone number (602) 542-3931, e-mail [cdbuck@azcc.gov](mailto:cdbuck@azcc.gov). Requests should  
6 be made as early as possible to allow time to arrange the accommodation. Additional information  
7 about the administrative action procedure may be found at  
8 <http://www.azcc.gov/securities/enforcement/procedure>.

## 9 XI.

### 10 ANSWER REQUIREMENT

11 Pursuant to A.A.C. R14-4-305, if a Respondent requests a hearing, the requesting Respondent  
12 must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona  
13 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days  
14 after the date of service of this Notice. Filing instructions may be obtained from Docket Control by  
15 calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

16 Additionally, the answering Respondent must serve the Answer upon the Division. Pursuant  
17 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a  
18 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
19 addressed to James D. Burgess.

20 The Answer shall contain an admission or denial of each allegation in this Notice and the  
21 original signature of the answering Respondent or Respondent's attorney. A statement of a lack of  
22 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not  
23 denied shall be considered admitted.

24 When the answering Respondent intends in good faith to deny only a part or a qualification  
25 of an allegation, the Respondent shall specify that part or qualification of the allegation and shall  
26 admit the remainder. The Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 7<sup>th</sup> day of December, 2021.

\_\_\_\_\_/s/\_\_\_\_\_  
Mark Dinell  
Director of Securities